

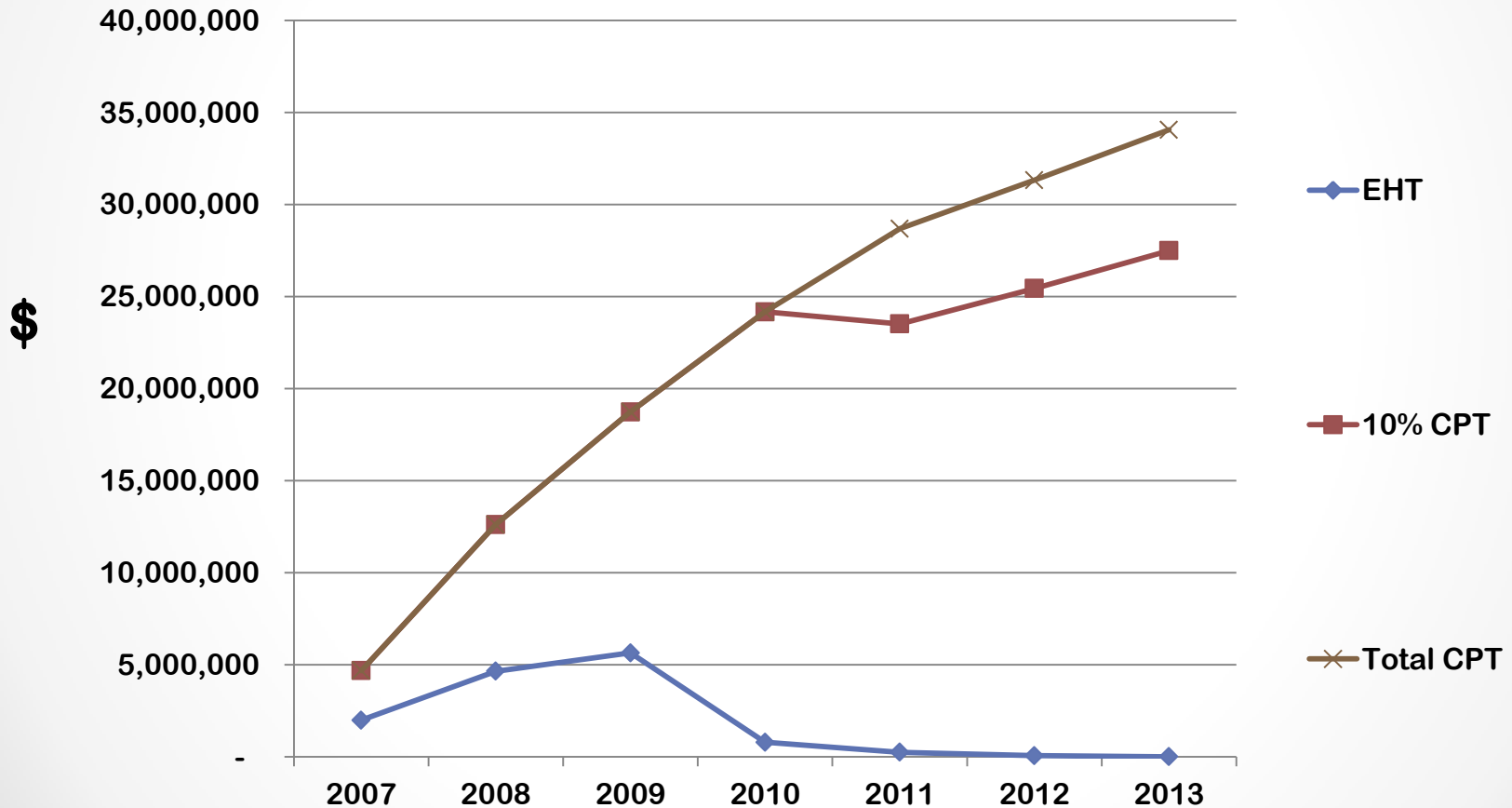
Sales Tax versus Employee Hours Tax + CPT

*Prepared for Finance and Culture Committee,
July 9, 2014*

The Sales Tax is Unreliable

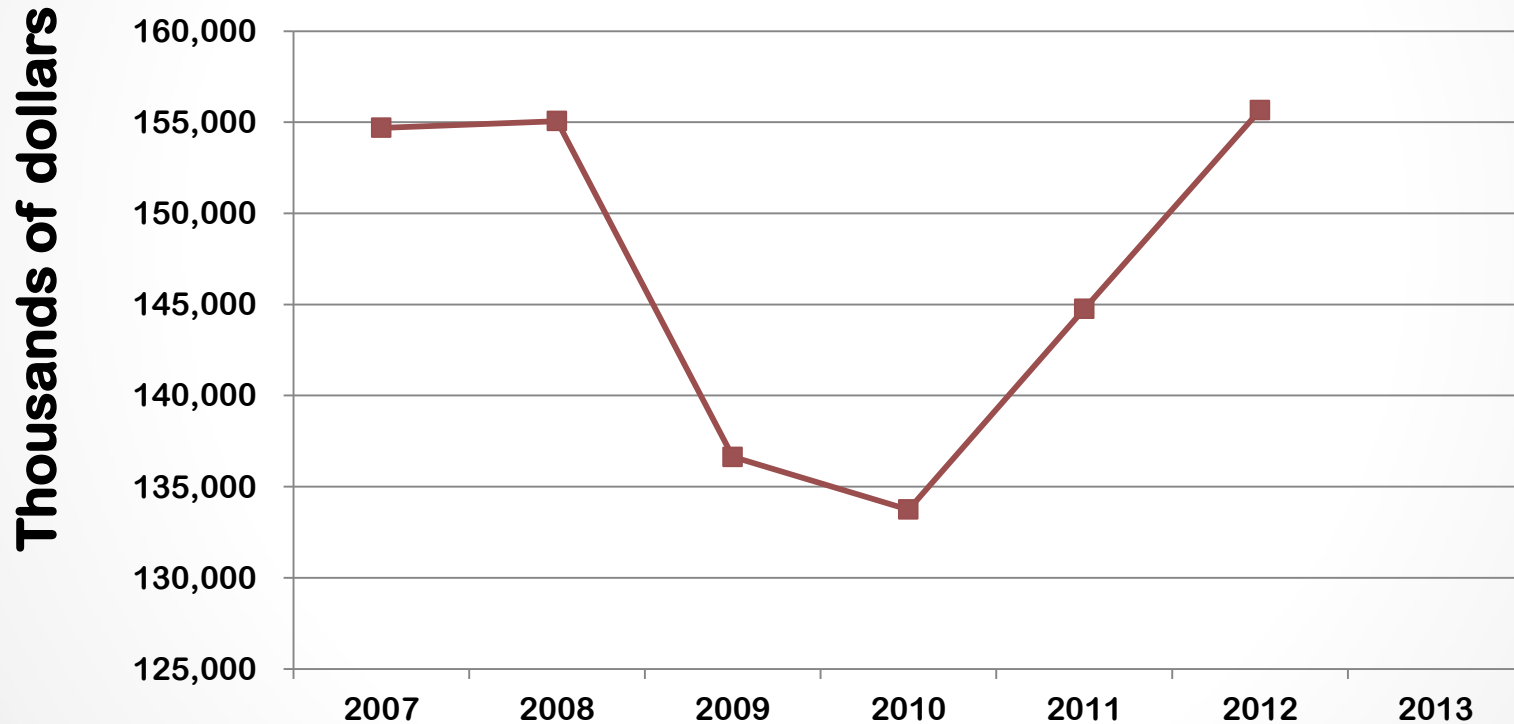
- The retail sales tax (RST) is **highly variable based upon the economy**; recessions = budget disaster
- In 2008, City raised \$155 million in revenue from RST
- In 2009, revenues dropped to \$136.6 million
- In 2010, revenues further dropped to \$133.7 million
- Only by 2012 did revenue exceed \$155 million
- **CPT and EHT revenues have consistently grown since implementation**
- **Sales tax instability is the reason Metro is underfunded** – i.e. 2009, Metro lost \$58 million.

EHT and CPT = Increasing Revenues



Retail Sales Tax = Recession Prone

Retail Sales Tax Revenue Fluctuation



The Sales Tax is Not Germane to Transit

- Businesses benefit directly from reliable transit within our city to get employees to work
- In 2012, Census estimates **approximately 20% of workers, or 72,000 riders, rode public transit to work**
- There is **no direct correlation** between the retail sales tax and transit service
- However, commercial parking in our city directly affects transit, and **with increased transit service, drivers AND riders win.**
- Higher employment in Seattle correlates with increased transit use

Raising Sales Tax makes Tax Structure even worse

- Washington has **the most regressive tax system in the nation**, with the poor paying a disproportionate share of their income.
- The high retail sales tax is a strong driver of this
- The **employee hours tax is a modest transit funding proposal** that would cost \$18 per year per full time employee.
- Alternatively, the tax amounts to a wage increase of **less than one penny** per employee, per hour worked for businesses.